

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

UNCLAS STATE 235802

E.O. 11652: N/A

TAGS: APUB, BR

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO BRAZIL

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 7 MILLION TO COMPANHIA ACOS ESPECIAIS, ITABIRA (ACESITA) OF BRAZIL. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, DC FOR AM PAPERS, TUESDAY, OCTOBER 7, 1975.

QUOTE: EXIMBANK'S CREDIT OF DOLS 7 MILLION SUPPORTS DOLS 17.5 MILLION SALE OF US STEEL PLANT EQUIPMENT TO BRAZILIAN COMPANY

TO HELP FINANCE A DOLS 17.5 MILLION SALE OF US EQUIPMENT, MATERIALS AND SERVICES REQUIRED FOR THE EXPANSION OF A STEEL MILL AT TIMOTEO, MINAS GERAIS, BRAZIL, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF DOLS 7 MILLION TO COMPANHIA ACOS ESPECIAIS ITABIRA (ACESITA) OF BRAZIL.

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TEEXPANSION WILL PERMIT ACESITA TO INCREASE THE PRODUCTION OF ITS

PRESENT LINE OF PRODUCTS FROM THE CURRENT 250,000 TONS OF INGOTS
PER YEAR TO 1 MILLION TONS PER YEAR BY 1980.

US PURCHASES WILL INCLUDE FURNACES AND RELATED EQUIPMENT IN WHICH
THERE HAS BEEN INCREASING FOREIGN COMPETITION IN THE LAST FEW YEARS.

EXIMBANK'S CREDIT REPRESENTS 40 PERCENT OF THE TOTAL US SALE.
A CREDIT OF DOLS 5,250,000 FROM THE PRIVATE EXPORT FUNDING CORPORA-
TION, NEW YORK, WILL FINANCE 30 PERCENT OF THE US COSTS AND WILL
BE COVEREDBYEXIMBANK'S FINANCIAL GUARANTEE. A CREDIT OF DOLS 3.5
MILLION FROM PITTSBURGH NATIONAL BANK WILL COVER 20 PERCENT OF THE
US COSTS AND ACESITA WILL MAKE CASH PAYMENT OF 10 PERCENT,
REPRESENTING THE BALANCE OF THE TOTAL US COSTS.

EXIMBANK'S INTEREST RATE OF 8 PERCENT PER ANNUM, COMBINED WITH THE
INTEREST RATE FROM PRIVATE SOURCES AT CURRENT RATES, WILL RESULT
IN A BLENDED ANNUAL INTEREST COST TO THE BORROWER OF BETWEEN
8.7 PERCENT TO 8.95 PERCENT PER ANNUM.

THE LOANS ARE TO BE REPAID IN 20 SEMINANNUAL INSTALLMENTS BEGINNING
FEBRUARY 10, 1978. EXIMBANK'S CREDIT IS TO BE REPAID OUT OF A
PORTION OF THE 12TH INSTALLMENT AND ALL OF INSTALLMENTS 13 THROUGH
20. EXIMBANK'S CREDIT AND THE CREDIT FROM THE PRIVATE EXPORT
FUNDING CORPORATION ARE TO BE GUARANTEED BY BANCO DO BRASIL.
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TAGS: APUB, BR
To: BRASILIA
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